

FTZ SAVINGS WORKSHEET

SAMPLE FTZ BUSINESS BACKGROUND

Annual inventory importations: \$50,000,000
 Inventory turnovers: 4 x per year
 Average duty rate for parts: 10%
 Average duty rate for finished products: 7.5%
 Interest rate: 12%
 Annual customs duty expense: \$5,000,000
 Annual interest expenses: 600,000

YOUR BUSINESS

\$ _____

 _____ %

 _____ %
 \$ _____
 \$ _____

SAMPLE FTZ BUSINESS

FTZ SAVINGS

YOUR BUSINESS

Cash Flow/Inventory Cost of Money= \$150,000
 (value of imported parts in avg. inventory X avg. duty rate X interest rate)
 (ie., \$50,000,000/4 inventory turnovers x 10% x 12%)

\$ _____

Obsolete/Surplus (5%) = \$250,000
 (value of imported parts x avg. percentage obsolete/surplus x avg. duty rate)
 (ie., \$50,000,000 x 5% x 10%)

\$ _____

Waste/Scrap/Engineering Change (5%)= \$250,000
 (value of imported parts x avg. percentage waste/scrap x avg. duty rate)
 (ie., \$50,000,000 x 5% x 10%)

\$ _____

Exports (15%)= \$750,000
 (value of imported parts x export percentage x avg. duty rate)
 (ie., \$50,000,000 x 15% x 10%)

\$ _____

International Returns (2%)= \$100,000
 (value of imported parts x return percentage x avg. duty rate)
 (ie., \$50,000,000 x 2% x 10%)

\$ _____

Zone-to-Zone Transfer (10%)= \$500,000
 (value of imported parts x transfer percent x avg. duty rate)
 (ie., \$50,000,000 x 10% x 10%)

\$ _____

Military Sales (5%)= \$250,000
 (value of imported parts x military percent x avg. duty rate)
 (ie., \$50,000,000 x 5% x 10%)

\$ _____

Inverted Duty = \$875,000
 (value of imported parts x (domestic % - military % - zone transfer %)
 x difference between part rate and inverted rate)
 (ie., \$50,000,000 x (85% - 5% - 10%) x 2.5%)

\$ _____

Gross Savings \$3,125,000

\$ _____

Annual FTZ Expenses \$75,000
 (transaction fees, personnel)

\$ _____

Net Annual FTZ Savings \$3,050,000
 (Gross savings - expenses)

\$ _____